



Open for Business Timeline and Checklist

Introduce project and discuss details	Teacher	April 28, 2015	_____
Turn in Business Partner Agreement	Student	May 1, 2015	_____
Research proposal idea due (meet with teacher to discuss business idea)	Student & Teacher	May 6, 2015	_____
Turn in completed business plan	Student	May 15, 2015	_____
Discuss marketing ideas with teacher	Student & Teacher	May 19, 2015	_____
Present product at Expo	Student	May 27, 2015	_____

Open for Business Overview

Project Description

Are you interested in running a business someday? Do you think about what you would like to do when you get older? Would you be interested in developing a new product/service of your choice and starting a business to sell and market your product/service? Would you be more interested in starting a business about something that you love? How about starting a chocolate company like some of the kids that you will read about in this project?



Although business and marketing might seem like something that grown-ups are more interested in than kids, you would be surprised about how many younger people are interested in running a business. You probably don't think about it, but you actually deal with business in some way almost every day! Any time you buy a candy bar or pay for a haircut you become part of the business world.

When you watch a commercial or see an advertisement on TV, you experience marketing firsthand. This alone is a good reason to study business. Did you know that many companies target most of their advertising to kids? Knowing how businesses work will make you a smarter shopper—or tell you when not to buy a product. Another reason to learn about running a business is that you may want to do this as a job someday! Many adults find that they are happiest having their own businesses and working for themselves.

What do you think? Could you be a success in business? You will never know unless you learn a little more. Once you have information about business and marketing, you can, in this project, **design a business plan and then write a proposal, and do a presentation to share with others.**

Step One: Learn About Business-Interest Areas

Use this handout as well as other sources to research your business interest area and learn about businesses in general. You will use the provided IIM notefact sheets to document what you have learned throughout this process. You will not need to cut these apart. They will be turning in as whole sheets. Don't forget to list the source of your facts at the top of the page. Remember that you can use this handout, an Internet resource, a book or even a person as a source.

Terms

The terms below are what we call "jargon." Jargon is language that is used in a particular industry. The following phrases are part of the jargon in the field of business. They can help you to understand how business works:

- *Business*: An organization that provides products to customers
- *Product*: This is what we learned as goods or services. What the business sells. A product can be something physical, such as toys, toothpaste, or clothing, or a product can be a service that you pay for, such as a haircut, mowed lawn, dance lessons, etc.
- *Price*: The amount of money that the business asks in return for its product.
- *Sales Revenue*: Money that the business gets from selling its products. Example: If a lemonade stand makes 10 cups of lemonade and sells each cup for 50 cents, the sales revenue is \$5. You can think of sales revenue as an equation if you like math. The equation would look like this:

$$\text{Sales revenue} = \text{Number of products sold} \times \text{Price}$$

- *Manufacture Cost*: The amount of money that the business spends to make the product. Example: Manufacture cost for making lemonade would be the total cost of the ingredients in the lemonade (lemons, sugar, ice, etc.).
- *Financial gain*. In other words, making money! A business makes a profit when the sales revenue (what you get when you sell the product) is greater than the manufacture cost (how much you spend to make the product). You can think of profit as an equation, too. The equation would look like this:

$$\text{Profit} = \text{Sales revenue} - \text{Manufacture cost}$$

How does all this business jargon work together? Here's an example:

Let's say it costs the owner of a lemonade stand 10 cents to make one cup of lemonade. This includes the cost of lemons, sugar, and ice. It also includes the plastic cups for the lemonade, since the customers can't drink it right from the pitcher! If the owner of the stand makes 10 cups of lemonade, his manufacture cost is 10 cents x 10 cups. In other words, his manufacture costs = \$1.00.

Now, the lemonade stand owner could sell the lemonade for 10 cents per cup. Why not? That seems fair, because that's how much it cost to make. But...there's a problem. First, the owner has committed his time and his effort to making the lemonade. If he sells the lemonade for 10 cents per cup—the price of his manufacture cost—no one is paying him for the time and effort. Also, if he sells the lemonade for the manufacturing cost, there's no hope of him making a profit. Most businesses exist solely to make a profit! Let's say instead that he sells each cup for 50 cents. If he sells all 10 cups at 50 cents, his sales revenue is \$5.00 (50 cents x 10 cups).

So, did the lemonade stand make a profit? Well, the money earned from selling lemonade (sales revenue) was \$5.00. This is greater than the \$1.00 spent to make the lemonade (manufacture cost), so YES, the lemonade stand made a profit! In fact, the stand made a profit of \$4.00 because it made \$5.00 selling the lemonade but had to spend \$1.00 to make the lemonade.

Businesses are very creative (like making unusual chocolate lollypops and others are old ideas done in new ways for wonderful reasons (like starting lemonade stands to help kids with cancer).

Step Two: Learn About Marketing

Use this handout as well as other sources to research your marketing strategy. Remember to use the provided IIM notefact sheets to document what you have learned. You will not need to cut these apart. They will be turning in as whole sheets. Don't forget to list the source of your facts at the top of the page.

If a business is going to make a profit, it has to sell its products. That's where marketing comes in! Businesses use marketing to get people to buy their products. Look at the terms below to help you understand marketing and how it works.

Terms

- *Marketing*: The process a business uses to make customers interested in its products.
- *Consumer*: A person who buys products. Whenever you buy something, you become a consumer!
- *Advertising*: Advertising is an important part of marketing because it tells consumers about products. Advertising can take many different forms, including television ads, billboards, or even someone standing on the street handing out flyers.
- *Target Audience*: A group of people most likely to buy a product. (For example, the target audience for toys is children, while the target audience for cars is adults.) It is very important that advertising appeal to the target audience, otherwise the product will not sell. For example, a car company that only advertised to children wouldn't profit because kids can't buy cars!

Can you convince your target audience that Burp Cola is the best? This time you'll have to choose where to put the ad, so think about who your target audience is and how to best reach them.

Step Three: Choose a Business

Ready to start thinking about your own business? In this step you will choose a business that you want to start. Your job is to think about what types of business interest you, and which of them makes the most sense.

When thinking about what type of business to choose for this project, you might want to consider something that other kids have done well, that is, start a lemonade stand. Lemonade is inexpensive and easy to make. Also, there are tons of websites for kids about running a profitable lemonade stand! Lemonade stands are often considered great first businesses for kids.

Another choice is to use what you learn on lemonade stand websites to make a similar product. For example, instead of researching a lemonade business, you could

research a cookie business. Then instead of having a stand, you could hold a bake sale. If you're artistic, you could research a business selling brightly colored string bracelets, and then have a craft fair. Be creative and follow your interests!

Remember...

Your product for this project is a business plan in written or presentation form. You need to choose a business that will let you easily find information about costs and pricing. You also have to consider whether you could learn enough about constructing the product to make your plan believable. For example, you may like the idea of a videogame business or a toy business. However, these products require special knowledge that you may not have, such as which software is used in designing videogames, and how much it costs. If you're passionate about a product ask your teacher for help. Together you can figure out if it's reasonable to research this type of business.

Whatever business you choose, remember—you *don't necessarily have to run the business*. It will be great if you can, but your product for this project is just a plan. If you can find enough information about a type of business to make a plan, go for it!

Step Four: More Research

When researching your product you'll need to figure out the manufacture costs, what you will charge (pricing), and your target audience. You will also want to learn about the best way to advertise to your target audience. Remember to write the name of the website, and the web address using your IIM Notefact sheets. Remember to include the date and time when you access any website.

STEP Five: Practice by Running a Virtual Business Online

Now that you know the ins and outs of business and marketing, it's time to practice what you've learned. Here are some sites with games that will let you practice your skills and other sites that can help you with your research! These are also available from the 3rd grade Wiki - <https://kolterelementary.wikispaces.com/Third+Grade>

- <http://www.teachingkidsbusiness.com/business-basics-marketing.htm>
- Games here as well as great information - <http://bizkids.com/games>
- Good information here - http://www.ehow.com/how_4899460_start-business-kids.html
- <http://pbskids.org/itsmylife/games/boss/>

Step Six: Do Your Project!

You have two choices for this project. You can make a written business plan to submit to your teacher, or you can “pitch” your business as a presentation either in person or in video. If you pitch your business in person, you will need to have some visual aids to add interest to your presentation. These can be physical objects or a digital slideshow to go along with your pitch.

Business Partner Agreement

Partner Agreement DUE DATE: May 1, 2015



Each student has an option of partnering with another student in order to develop their “Open for Business Project.”

Please take time to discuss this option with your child. After discussing, please complete the box below to let us know whether or not your child will work alone or with another student.

This agreement is due to your child’s homeroom teacher on May 1, 2015 with a business plan due May 15, 2015

Thank you,
The Third Grade Teachers

<p>_____ My child will work alone.</p> <p>_____ My child will work with _____</p>

Student Name _____

Parent Signature _____

Business Plan

Due: May 15, 2015



Name of Company _____

What is the purpose of your company? _____

Why will someone buy your product/service? _____

Why do you think your company will be successful? _____

What will you do if your company is **very** successful? _____

What if people **don't** like your product/service? How will you find out what is wrong?

If you are working with a partner, what job will each person do?

Business Owner(s)

Parent(s) signature
